

Pashman Stein 'The Opposite of Formulaic,' Founder Says - *New Jersey Law Journal*

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Q&A with New Jersey Law Firm Leader: Michael S. Stein, Managing Partner at Pashman Stein Walder Hayden

Pashman Stein Walder Hayden has grown over the years, and, according to its leader, continues to define its place in the marketplace.

This is one in an occasional series of Q&As with New Jersey law firm leaders. The responses below were provided by Michael Stein and edited lightly for style.

Firm Name: Pashman Stein Walder Hayden, PC.

Firm Leader: Michael S. Stein, chair and managing partner.

Head Count: 55 Attorneys; (85 full-time equivalents – all employees).

Locations: Hackensack, New Jersey; Holmdel, New Jersey; Purchase, New York

Practice Areas: Full service

Governance structure and compensation model:

In my role as managing partner, I handle the firm's day-to-day decisions, and I also serve as chair of our executive committee, which includes two other partners. The executive committee meets to discuss and agree on significant decisions and to discuss vision, strategy, and firm policies. That committee also follows up on new developments with the partnership to ensure their comfort as well. We delegate issues to a number of committees who report to me and/or the executive committee. These committees are led by attorneys or administrative staff and include hiring, social, marketing, employee handbook/office policy, IT, diversity in hiring, office space, banking, 401k, employee health insurance, pro bono, and women's initiative. The entire partnership has input on elevation decisions.

Our philosophy with compensation is to provide a package that is based on more than a simple formula of billed hours and originations. We have given this topic a lot of thought, and we work very hard to ensure that our approach matches and complements the culture of our firm in terms of valuing our attorneys and enabling them to shine and succeed. While our method is not altogether discretionary, it does take into account a lawyer's assets and skills, those traits that just don't register in a formula but definitely have value. We are the opposite of formulaic. Our mission is to build a sense of community and spirit so that everyone genuinely feels they are rowing in the same direction and in the same boat. We don't diminish the value of productivity and originations, but we add to the review the non-tangible assets an attorney brings to his or her practice.

Do you offer alternative fee arrangements?

We do offer many different alternative fee arrangements, including monthly retainers, caps, flat fees, and hybrids. We are very receptive to our clients' needs, and work with them to find a fee structure that is mutually comfortable.

What do you view as the two biggest opportunities for your firm, and what are the two biggest threats?

Our success to date has been fueled by our ability to attract and retain the best talent that our region has to offer, and to offer those lawyers intellectually stimulating and interesting work. Our reputation as a bet-the-business litigation firm resonates with many Big Law attorneys who decide to practice with us. They have the opportunity to continue working on high-stakes matters but in an environment that differs from Big Law. At Pashman Stein, they have the ability to be more impactful, and they can build their own brand in addition to relying on the firm's brand. We are not a big firm; we have 55 lawyers, but we are growing each year with new service offerings and new locations. Not many firms are like ours and we have a unique ability to attract and retain talent of high caliber and character. These lawyers fit our model of providing personal and attentive client service at a very high level and doing the best work they can for every client. I also see opportunity in our continued role as local counsel for major multinational Am Law 100 firms, to meet their regional litigation needs.

The legal market is so competitive now—what trends do you see, and has anything, including alternative service providers, altered your approach?

A trend that has been growing is price competition. More and more blue-chip companies are having the firm compete not just on merit and quality, but more frequently on price, sometimes requesting budgets upfront. Many clients still make decisions based on which firm they feel a connection to, choosing lawyers who they feel will solve their problem based on their legal knowledge, trial and appellate advocacy, and results. The reality of the market is that there are many very good law firms. But prospective clients may narrow their choices to three firms and then make a decision based upon the budget provided.

Is your chief competition other mid-market firms, or is your firm competing against big firms for the same work?

Big firms.

There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages do midsize firms have in attracting and retaining young lawyers, particularly millennials?

As a midsize law firm in New Jersey and New York, we have had great success attracting talented lawyers looking for high-end, stimulating work but in a collegial and collaborative environment. Our Big Law transplants have offered ideas that we've implemented to make the firm competitive in terms of perks and benefits, including our new maternity and paternity leave policies. Our culture is unique, and we work hard to make Pashman Stein an exciting place to work. There's a palpable sense that this firm is emerging as a real powerhouse. Yet we're 23 years old, not 123 years old. We started out as two lawyers. I believe that every institution has an arc of life, and right now we see limitless potential and a desire to keep building the deepest bench while at the same time focusing on a culture where everyone feels valued. Staff say that Pashman Stein is a special place with integrity and high moral character, and a culture whereby leaders recognize the teams' work and appreciate their skill and talent. New lawyers here have access to our knowledge of New Jersey's judicial culture, our strategies for trial and appellate cases and victories, and our senior staff that is available to serve as mentors.

Does your firm employ any nonlawyer professionals in high-level positions (e.g. COO, business development officer, chief strategy officer, etc.)? If so, why is it advantageous to have a nonlawyer in that role? If not, have you considered hiring any?

Yes, we have nonlawyers in many important positions, including a chief financial officer, a chief marketing officer, and a head of operations, and, as our firm continues to evolve, we may bring on more administrative positions. Nonlawyers bring their own unique expertise and skill sets, which help the firm not only operationally, but culturally as well.

What would you say is the most innovative thing your firm has done recently, whether it be technology advancements, internal operations, how you work with clients, etc.?

We have made sensible investments that align with our growth, including installing cutting-edge phone and billing systems. But, the innovation is less about purchases and more about the overall sensibility of our partners in that we have the courage of our convictions to take a risk and get involved with bet-the-business litigation matters. Technology helps fuel that innovation, and the automation of e-billing, e-filing and e-discovery have prompted us to become proficient and place even more emphasis on client interaction.

Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don't currently have a plan, is it an issue your firm is thinking about?

We have been succession planning for a long time, but the planning has really been focused on our talented younger lawyers who have bought into the vision of the firm. As a result of our collaborative environment, these attorneys, in their late 20s to early 40s, feel like essential parts of the firm, and they will decide what we'll be when we grow up, so to speak. The seeds have been planted so that the next generation at Pashman Stein will continue to endure.